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Viewing cable 09MEXICO2264, SCENESETTER FOR PRESIDENT OBAMA'S VISIT TO

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

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If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09MEXICO2264**.

Reference ID	Created	Released	Classification	Origin
09MEXICO2264	2009-07-31 20:55	2011-08-30 01:44	CONFIDENTIAL	Embassy Mexico

Appears in these articles:

<http://wikileaks.jornada.com.mx/notas/encuentros-entre-obama-y-calderon>

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TO RUEHC/SECSTATE WASHDC 7694
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RUEHC/DEPT OF LABOR WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFISS/CDR USSOUTHCOM MIAMI FL
RHMFISS/HQ USNORTHCOM
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RUEABND/DEA HQS WASHINGTON DC
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C O N F I D E N T I A L SECTION 01 OF 05 MEXICO 002264

NOFORN
SENSITIVE
SIPDIS

FOR THE PRESIDENT FROM CHARGE D'AFFAIRES JOHN FEELEY.
NSC FOR DAN RESTREPO.
WHA FOR ROBERTA JACOBSON, E.A. LEE.

E.O. 12958: DECL: 12/21/2017
TAGS: [PGOV](#) [PREL](#) [PHUS](#) [PINR](#) [KCRM](#) [SNAR](#) [MX](#)
SUBJECT: SCENESETTER FOR PRESIDENT OBAMA'S VISIT TO
GUADALAJARA, AUGUST 9-10, 2009

Classified By: CHARGE D'AFFAIRES JOHN FEELEY.
REASON 1.4 (b), (d).

11. (C) Key Points

--President Calderon remains committed to forging a legacy based on the rule of law, where Mexico's criminal organizations are severely diminished, and the benefits of Mexico's wealth and trade are more widely shared among its citizens. At the same time, he faces record levels of violence, continued financial distress, problems within his political party, and diminished power in Congress following his PAN party's loss in recent midterm elections. Inequality and poverty are on the rise, and the Mexican public increasingly questions whether the war against drug trafficking and organized crime is winnable. Despite these challenges, President Calderon remains resolute. He fully understands and appreciates that our commercial and law enforcement interdependence is complete and necessary. He looks to build stronger strategic alliances with us to advance common goals in the areas of North American competitiveness, energy and the environment, and citizen security.

--President Calderon will want to engage you on an impossibly wide range of issues, but he will focus most intently on the domestic security challenges Mexico faces from criminal violence. He will convey appreciation for U.S. cooperation to date, but press hard for an explicit commitment to outyear funding beyond the original three years of the Merida Initiative. He will also push for greater efforts to stem the flow of illegal arms and drug money into Mexico. You should ask that the GOM provide a more transparent account for how it handles accusations of human rights violations, especially in the military court system, access by ATF to seized weapons caches, and the extradition of high profile cartel members, not just low-ranking lieutenants.

--The United States and Mexico have a broad and growing relationship on energy that encompasses oil, gas, clean energy, and new collaboration on renewables, climate change, and carbon reduction. Mexico is emerging as a leader among developing countries on clean energy and climate change and is a willing partner in expanding cooperation on such endeavors. In fact, President Calderon would like to see greater U.S. engagement on environmental issues, recognizing it as an area of mutual interest.

--While Mexico has taken significant steps to achieve macroeconomic stability and is the second largest economy in Latin America, GDP growth rates averaged only 2 percent over the past ten years, and reforms have been slow in coming. Despite the urgency of fighting the recession, structural tax, energy, and fiscal reforms and increased competitiveness are essential elements of a long-term, sustained recovery. We can join with Canada in urging the GOM to pursue a competitiveness agenda in the education, labor, trade and finance sectors, as well as encourage modern, efficient use of Mexico's petroleum and other energy sources.

--Eighty-two percent of Mexico's exports go to the United States, and we remain by far the country's largest source of foreign investment. Mexico is the first or second largest trading partner for 22 U.S. states. Mexico's long-term prospects for growth and prosperity are tied to ours, and President Calderon is particularly mindful of the positive impact NAFTA has had on both our economies. Trade irritants still persist, such as the delay in reformulating a pilot, cross-border trucking program and our revised country-of-origin labeling (COOL) provisions for beef and pork products. Nevertheless, the GOM wants to resolve these and other concerns without reopening the agreement.

--Mexico and Canada seek to deepen diplomatic cooperation, as Canada has identified stronger ties with the Americas as a foreign policy priority. Canada is increasingly concerned

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about Mexico's security situation, and is looking for avenues to support President Calderon's efforts to reform the police, corrections, and judicial sectors. Although Canada remains at times concerned that trilateralism comes at the expense of its bilateral relationship with the United States, Canada values the trilateral summit process and will seek to sharpen focus on the leaders' engagement on climate, energy and the environment.

Citizen Security

12. (U) President Calderon continues to confront Mexico's difficult security environment with unprecedented commitment.

Polling indicates that most Mexicans still approve of his efforts, which include deploying some 45,000 troops dedicated to counter-drug activities, yearly increases to the security budget, and the passage of important security and justice reforms to modernize and restructure the country's judicial system. Mexicans also recognize the need to improve and better coordinate the country's disparate police forces. While polling indicates that the Mexican public believes that the cartels are winning, over half of the population supports President Calderon's security strategy and upwards of 80 percent agree with the military's domestic deployment in the counter-drug fight.

13. (SBU) Nevertheless, the President faces significant challenges despite his myriad efforts to improve the country's security situation. Levels of violence show no signs of decreasing, with organized crime-related homicides and casualties suffered by security forces in the counterdrug fight likely to surpass 2008's record figures. Allegations of human rights abuses by soldiers deployed on counterdrug missions threaten to undermine continued public support. While there is general consensus on President Calderon's frontal assault strategy, the new political environment following the July 5 midterm elections, in which his rivals made significant gains, could embolden his opponents and make the passage and implementation of important legislation more complicated.

14. (C) In light of these complications, President Calderon needs our unalloyed support. The Merida Initiative provides important material support to President Calderon's strategic goals. As important, it demonstrates our shared

responsibility and resolve in facing up to the challenges posed by transborder organized crime. While this initiative was originally conceived of as a three-year plan, it is now clear that we and the Mexican government must continue our cooperation and assistance. We now need to focus on the state and local level institution building, given Mexico's strong federal system and the need to address security issues locally. U.S. assistance is modest compared to what Mexico is doing on its own, but it is critical to keeping the country moving in the right direction. You should make the following points:

-- We can expect that President Calderon will press the United States to take stronger measures to fight arms trafficking. Reinforce with him that we have stepped up our deployment of resources under the Southwest Border Initiative to combat arms flows. You should also note that success relies in large measure on tracing the weapons Mexico has seized from criminals. We are making progress on developing protocols with Mexican law enforcement agencies to expand our access to seized weapons, but it would be helpful if you requested Calderon push the process along.

-- You should also be prepared to speak to the status of Merida Initiative funds, including how reports of rising human rights abuses stand to impact their delivery and overarching support in Congress. We have prepared a report to Congress on Mexico's human rights efforts to secure the release of the 15 percent of funding, as required by law. While the GOM, and particularly the military, must do more,

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we see their efforts beginning to take shape. On July 24, the Mexican military (SEDENA) issued a press release stating it had convicted 12 soldiers for human rights abuses since 2006. This kind of announcement is positive for the case SEDENA makes in response to charges of impunity, and it also flies in the face SEDENA's historical aversion to addressing such issues in public. But more military transparency with us and the NGO community on human rights issues is needed.

-- Mexico has extradited record numbers of criminals over the last two years and has sent back 63 wanted criminals already this year. However, only one of these is a major cartel figure -- Miguel Caro Quintero. While commending Calderon on extradition in general, push for the extradition of high-level figures, such as Benjamin Arrellano Felix and Sandra Avila Beltran.

-- The Mexicans are hyper-sensitive to any notion of deploying National Guardsmen to our shared border. You may consider briefing Calderon on this plan, its purpose and what it entails before it becomes public.

--You should thank Calderon for Mexico's outstanding participation in the recently concluded National Level Exercise focusing on terrorism prevention. Mexico's contribution to the program highlights its increased trust and willingness to work with us on important security issues.

Energy, Health, and the Environment

15. (C) We have a broad and growing relationship on energy that encompasses oil, gas, clean energy, and the beginnings of cooperation on renewables, climate change, and carbon reduction. As our fourth largest supplier of oil, Mexico's production and exports are falling rapidly. In late 2008, the Mexican Congress approved a modest energy reform package, breaking a taboo prohibiting past administrations from addressing the highly sensitive topic. The reform does not, however, address the most pressing issues facing Mexico's state-owned oil company (PEMEX). Since oil accounts for over one third of Mexican budget revenues, the Calderon government must find ways to offset declining oil revenues in order to keep the fiscal deficit under control. Successful bilateral

talks on Transboundary Reservoirs in the Gulf of Mexico might help lead over the long-term to more efficient exploitation of oil and help Mexico treat a pending fiscal crunch.

¶6. (C) Mexico is emerging as a leader among developing countries on clean energy and climate change and is a willing partner in expanding cooperation on such endeavors. President Calderon would like to see greater U.S. engagement on environmental issues, recognizing it as an area of mutual interest. We are working to reach agreement on strategies for the December 2009 Copenhagen Conference of Parties on climate change. The U.S. -- Mexico Framework on Clean Energy and Climate Change has established a formal mechanism for collaboration, information exchange, and facilitating common efforts to achieve clean energy economies. Mexico is working at home to promote energy efficiency, the use of clean energy sources, and the reduction of its reliance on hydrocarbons. Mexico also recently announced a national energy transition and sustainable energy strategy that will funnel \$1.5 billion to implement more than 50 projects in order to foster the use of new technologies to generate renewable energy, create standards for energy efficiency, and diversify energy sources.

¶7. (U) The outbreak in April of the H1N1 virus highlighted the value of and continued need for international collaboration on health issues. Mexico's rapid response to the outbreak and transparency in communicating with international partners helped slow the spread of the virus and mitigated the loss of life. Swift and efficient cooperation between the United States, Mexico and Canada during the outbreak demonstrated the value of trilateral

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preparations to address cross-border health threats, and Mexico was grateful to the United States for our balanced response and decision not to halt or slow cross-border activities. Nevertheless, the Calderon government's swift response came also with high economic costs, particularly for tourism, small businesses and pork producers. Mexico's finance minister predicted that the economic impact of the crisis could be between 0.3 and 0.5 percent of Mexico's GDP, which was US \$1.14 trillion in 2008. Following HHS Secretary Sebelius' successful visit to Cancun on July 2 at the W.H.O.'s H1N1 conference, your public affirmation of the GOM's strong performance will help keep the government focused for the expected return of H1N1 this fall.

Competitiveness

¶8. (SBU) Mexico has taken significant steps to achieve macroeconomic stability. It is the second largest economy in Latin America and the region's top destination for U.S. foreign direct investment. Mexico has long leveraged its cultural and geographic proximity to the United States market to its economic advantage. Despite this, Mexico's GDP has grown just 2 percent annually over the past 10 years, totally insufficient to achieve the 7-8 percent growth rate necessary to address social inequities, make inroads against the 40-plus percent poverty level, and modernize the economy.

¶9. (SBU) Structural reforms have been slow in coming due to political stalemates and powerful entrenched interests. Education levels, tax collection, and transparency remain low by both OECD and regional standards. In 2009, the World Economic Forum ranked Mexico 60 among 134 countries in its Global Competitiveness Index. Mexico fell far short in labor market efficiency (110), institutions (97), innovation (90) and higher education and training (74). Calderon knows this and wants desperately to improve Mexico's competitiveness, achieve dynamic growth, and increase prosperity.

¶10. (C) However, structural reforms and increasing competitiveness are essential elements of a long-term, sustained recovery regardless of the current recession or hoped-for 2010 recovery in the United States. We and Canada

can urge the GOM to pursue a competitiveness agenda in education, labor, trade and finance, as well as encourage the efficient use of Mexico's petroleum and other energy sources to make them more competitive. Cross-Border Trade Facilitation is another area for improvement. It is in our mutual interest for Mexico to increase trade with its neighbors and commercial partners. The GOM must increase customs revenue and reduce customs revenue leakage caused by rampant corruption. With Canada, we can continue work to enhance Mexico's capacity in customs and trade facilitation, which will improve the environment for international trade and transit. Mexico also suffers from monopolies and oligarchies that should be addressed through strengthened competition authorities. At the same time, Mexico must tackle head-on the politically difficult issue of education reform, or the next generation of Mexicans will not be prepared to respond to the needs of a changing, knowledge-based economy.

Beyond the Bilateral Relationship

¶11. (C) President Calderon highly values the unique U.S.-Mexico relationship and has taken steps during his presidency to strengthen it. He also seeks a larger role internationally for his country. Mexico is using its two year tenure (2008-2010) on the UN Security Council to expand its growing engagement in the hemisphere and on the global stage. So far, Mexico's tenure has been positive. We work closely and constructively with its UN team both in Mexico City and New York, and Calderon will be receptive to suggestions where the GOM can be helpful on UNSC issues.

¶12. (C) Regionally, Mexico views itself as a leader, and Calderon has capitalized on Mexico's large commercial and

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cultural footprint. While deeply suspicious of leftist-populism, he has avoided the bitter feuding his predecessor waged with Cuba and Venezuela and sought to normalize relations with both. He is deeply concerned with lawlessness in Central America and seeks our cooperation, through the Merida Initiative and other programs, to bolster the security and stability of his southern border neighbors. At the same time, he is perhaps less proactively engaged in the region at the moment, focusing on security and economic woes at home.

¶13. (C) Canada is becoming increasingly concerned about the security situation in Mexico and is actively looking for ways to support President Calderon's efforts to reform the police, corrections, and judicial sectors. Its bilateral security working group focuses on increasing cooperation and information exchange on migration, emergency management, marine security, and law enforcement, which Canada has characterized as "practical" and "results oriented." Canada also seeks to coordinate closely with us to assist the Calderon government on security reform. Although Canada is concerned that trilateralism comes at the expense of its bilateral relationship with the United States, it does value the trilateral summit process and will seek to place greater focus at NALS on climate, energy and the environment. Mexican-Canadian relations are currently strained in the wake of Canada's re-imposition of visa requirements for Mexicans to combat what Canada perceives as abuses of its liberal refugee process by Mexican applicants. Both governments have pledged to work through this problem, and it is unlikely to have a lasting impact on their overall cooperation on other issues.

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FEELEY